

Mono Technology Public Company Limited
and its subsidiaries
Report and consolidated financial statements
31 December 2016

Independent Auditor's Report

To the Shareholders of Mono Technology Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of Mono Technology Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2016, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Mono Technology Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mono Technology Public Company Limited and its subsidiaries and of Mono Technology Public Company Limited as at 31 December 2016, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Group in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions under the Royal Patronage of His Majesty the King as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

I have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures respond for each matter are described below.

Revenue recognition

The Group's core businesses include media business, content business and entertainment business. As a result, the Group has revenue from sales of various goods and services. The Group's revenue amount is significant to the financial statements and directly affects its operating results, to which users of financial statements pay attention. I have therefore focused on the revenue recognition of the Group.

I have examined the revenue recognition of the Group by

- Assessing and testing the Group's internal controls with respect to the revenue cycle by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls.
- On a sampling basis, examined supporting documents for actual sales and service transactions occurring during the year and near the end of the accounting period.
- Reviewed credit notes that the Group issued after the period-end.
- Performed analytical procedures on disaggregated data to detect possible irregularities in sales and service transactions throughout the period, particularly for accounting entries made through journal vouchers.

Impairment of intangible assets and cost of spectrum license

As at 31 December 2016, the Group had intangible assets and cost of spectrum license totaling Baht 3,538 million, representing 66% of total assets, as discussed in Note 13 and 14 to the financial statements. The management's assessment was that there were indicators of impairment of the intangible assets. Determining the impairment loss on such assets requires significant management judgement with respect to the projections of future operating performance and the assessment of future plans. The determination of key assumptions used to prepare the projections directly affects the amount of such impairment loss.

I gained an understanding of and assessed the key assumptions used for the preparation of business plans and the estimation of future cash inflows by gaining an understanding of the procedures undertaken to determine the assumptions, checking the assumptions against information from both internal and external sources, and comparing past cash flow projections to actual operating results in order to evaluate the exercise of management judgement in estimating the cash flow projections. I also evaluated the discount rate applied by the management through analysis of the finance costs of the Group and of the industry, tested the calculation of the realisable values of the assets using the selected financial model and considered the impact of changes in key assumptions on those realisable values, especially changes in the discount rate and long-term revenue growth rates. Moreover, I reviewed the disclosures made with respect to the impairment assessment for intangible assets and cost of spectrum license.

Impairment of investments in subsidiaries and loans to subsidiaries

As at 31 December 2016, the Company had investments in subsidiaries and loans to subsidiaries amounting to Baht 2,957 million and Baht 499 million, representing 70% and 12% of total assets. As discussed in Note 10 and 7 to the financial statements. The management's assessment was that there were indicators of impairment of these investments in subsidiaries and loans to subsidiaries. In determining the impairment loss, the management had to exercise judgment with respect to the projections of future operating performance and the assessment of future plans. The determination of key assumptions with respect to the projections directly affects the impairment of investments in subsidiaries and loans to subsidiaries.

I gained an understanding of and assessed the key assumptions used for the preparation of business plans and the estimation of future cash flows by gaining an understanding of the procedures undertaken to determine the key assumptions, checking the assumptions against information from both internal and external sources and comparing past cash flow projections to actual operating results in order to evaluate the exercise of management judgment in estimating the cash flow projections. I also evaluated the discount rate applied by the management through analysis of the finance costs of the Group and of the industry, tested the calculation of the realisable values of the assets using the selected financial model and considered the impact of changes in key assumptions on those realisable values, especially changes in the discount rate and long-term revenue growth rates. Moreover, I reviewed the disclosures made with respect to the impairment assessment for investments in subsidiaries and loans to subsidiaries.

Deferred tax asset from unused taxable losses

As at 31 December 2016, the Group had deferred tax asset from unused taxable losses amounting to Baht 200 million, representing 4 percent of total assets. The Group disclosed its accounting policy and details relating to the deferred tax asset in Note 25 to the financial statements. A deferred tax asset is recognised when it is highly probable that the Group's taxable profit will be sufficient to allow utilisation of the deferred tax asset in the future. Determining whether there will be sufficient future taxable profit to utilise taxable losses requires significant management judgment with respect to the preparation of business plans and projections of future taxable profit based on approved business plans. Therefore, there is a risk with respect to the amount of deferred tax asset.

I gained an understanding of the key related controls over the preparation and the approval of the estimates of future taxable profit for the purpose of deferred tax asset recognition by making enquiry of responsible executives and gaining an understanding of the designed controls. I assessed the estimates of future taxable profit by checking the required information and key economic assumptions used in the projections against information from both internal and external sources, with consideration of information and assumptions that directly affect revenue growth and gross profit margin. Furthermore, I compared the past projections with actual taxable profits to assess the exercise of management judgment in estimating the taxable profits. I also tested the calculation of future taxable profit based on the above information and assumptions, and considered the effects of changes to key assumptions on the projected future taxable profits, especially in respect of long-term revenue growth. In addition, I reviewed the disclosures made with respect to temporary differences and unused taxable losses for which deferred tax asset was not recognised by the Group.

Other Matter

The consolidated financial statements of Mono Technology Public Company Limited and its subsidiaries and the separate financial statements of Mono Technology Public Company Limited for the year ended 31 December 2015 were audited by another auditor of our firm who expressed an unqualified opinion on those statements, but drew attention to the matter regarding the change in recognition of the cost of spectrum license, under his report dated 19 February 2016, expressed an unqualified opinion on those financial statements.

Other Information

Management is responsible for the other information. The other information comprise the information included in annual report of the Group, but does not include the financial statements and my auditor's report thereon. The annual report of the Group is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the annual report of the Group, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Miss Krongkaew Limkittikul.

Krongkaew Limkittikul
Certified Public Accountant (Thailand) No. 5874

EY Office Limited
Bangkok: 21 February 2017

Mono Technology Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2016

(Unit: Baht)

| | Note | Consolidated financial statements | | Separate financial statements | |
|-------------------------------------------|------|-----------------------------------|----------------------|-------------------------------|----------------------|
| | | 2016 | 2015 | 2016 | 2015 |
| Assets | | | | | |
| Current assets | | | | | |
| Cash and cash equivalents | | 86,808,404 | 194,287,822 | 25,649,996 | 26,447,473 |
| Current investments - deposits with banks | | 229,563 | 223,400 | 2,939 | - |
| Trade and other receivables | 8 | 529,530,185 | 554,263,316 | 476,947,646 | 714,733,620 |
| Loans to subsidiaries | 7 | - | - | - | 2,385,741,067 |
| Inventories | 9 | 8,829,228 | 9,911,241 | - | - |
| Prepaid expenses | | 22,900,801 | 36,588,094 | 5,692,246 | 17,808,207 |
| Undue input tax | | 25,782,323 | 41,400,853 | 8,844,920 | 11,662,210 |
| Total current assets | | 674,080,504 | 836,674,726 | 517,137,747 | 3,156,392,577 |
| Non-current assets | | | | | |
| Restricted bank deposits | | 9,128,667 | 450,559 | 106,351 | 109,347 |
| Investments in subsidiaries | 10 | - | - | 2,956,825,986 | 566,713,061 |
| Investment in joint venture | 11 | 51,226,023 | - | - | - |
| Loans to subsidiaries | 7 | - | - | 498,900,000 | - |
| Property, plant and equipment | 12 | 777,356,703 | 716,686,350 | 55,217,289 | 69,186,879 |
| Intangible assets | 13 | 1,951,972,846 | 1,723,404,170 | 126,718,918 | 24,425,723 |
| Cost of spectrum license | 14 | 1,585,572,586 | 1,714,351,846 | - | - |
| Deferred tax assets | 25 | 210,848,028 | 210,783,276 | 2,512,441 | 2,284,130 |
| Other non-current assets | | 131,474,183 | 75,385,427 | 55,304,873 | 30,752,158 |
| Total non-current assets | | 4,717,579,036 | 4,441,061,628 | 3,695,585,858 | 693,471,298 |
| Total assets | | 5,391,659,540 | 5,277,736,354 | 4,212,723,605 | 3,849,863,875 |

The accompanying notes are an integral part of the financial statements.

Mono Technology Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2016

(Unit: Baht)

| | <u>Note</u> | <u>Consolidated financial statements</u> | | <u>Separate financial statements</u> | |
|------------------------------------------------|-------------|------------------------------------------|----------------------|--------------------------------------|--------------------|
| | | <u>2016</u> | <u>2015</u> | <u>2016</u> | <u>2015</u> |
| Liabilities and shareholders' equity | | | | | |
| Current liabilities | | | | | |
| Short-term loans from banks | 15 | 135,000,000 | 135,000,000 | 15,000,000 | 15,000,000 |
| Trade and other payables | 16 | 295,054,561 | 493,134,674 | 197,722,055 | 288,946,016 |
| Current portion of long-term liabilities | | | | | |
| Long-term loans from banks | 17 | 54,893,750 | - | - | - |
| Cost of spectrum license payable | 18 | 360,566,258 | 339,122,509 | - | - |
| Liabilities under finance lease agreements | 19 | 6,043,515 | 10,600,433 | 3,244,571 | 3,151,979 |
| Income tax payable | | 296,513 | - | - | - |
| Undue output tax | | 30,209,083 | 38,164,749 | 10,332,571 | 12,448,632 |
| Other current liabilities | | 47,162,324 | 3,459,290 | 864,349 | - |
| Total current liabilities | | 929,226,004 | 1,019,481,655 | 227,163,546 | 319,546,627 |
| Non-current liabilities | | | | | |
| Long-term liabilities, net of current portions | | | | | |
| Long-term loans from banks | 17 | 1,338,985,017 | 725,460,000 | - | - |
| Cost of spectrum license payable | 18 | 708,841,790 | 1,069,408,048 | - | - |
| Liabilities under finance lease agreements | 19 | 3,094,482 | 8,739,607 | 1,405,955 | 4,387,139 |
| Provision for long-term employee benefits | 20 | 36,210,278 | 23,105,946 | 16,615,939 | 11,928,585 |
| Deferred tax liabilities | 25 | 9,691,493 | 7,978,780 | - | - |
| Total non-current liabilities | | 2,096,823,060 | 1,834,692,381 | 18,021,894 | 16,315,724 |
| Total liabilities | | 3,026,049,064 | 2,854,174,036 | 245,185,440 | 335,862,351 |

The accompanying notes are an integral part of the financial statements.

Mono Technology Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2016

(Unit: Baht)

| | <u>Note</u> | <u>Consolidated financial statements</u> | | <u>Separate financial statements</u> | |
|---------------------------------------------------|-------------|------------------------------------------|----------------------|--------------------------------------|----------------------|
| | | <u>2016</u> | <u>2015</u> | <u>2016</u> | <u>2015</u> |
| Shareholders' equity | | | | | |
| Share capital | 21 | | | | |
| Registered | | | | | |
| 4,984,999,975 ordinary shares (2015: | | | | | |
| 4,927,999,975 ordinary shares) of Baht 0.1 each | | <u>498,499,998</u> | <u>492,799,998</u> | <u>498,499,998</u> | <u>492,799,998</u> |
| Issued and fully paid-up | | | | | |
| 3,200,935,537 ordinary shares (2015: | | | | | |
| 3,100,935,537 ordinary shares) of Baht 0.1 each | | 320,093,554 | 310,093,554 | 320,093,554 | 310,093,554 |
| Premium on ordinary shares | | 2,935,691,191 | 2,749,191,191 | 2,935,691,191 | 2,749,191,191 |
| Retained earnings | | | | | |
| Appropriated - statutory reserve | 23 | 49,850,000 | 49,280,000 | 49,850,000 | 49,280,000 |
| Unappropriated (deficit) | | (795,591,899) | (539,645,296) | 661,903,420 | 405,436,779 |
| Other components of shareholders' equity | | <u>(144,432,370)</u> | <u>(145,357,131)</u> | - | - |
| Total shareholders' equity | | <u>2,365,610,476</u> | <u>2,423,562,318</u> | <u>3,967,538,165</u> | <u>3,514,001,524</u> |
| Total liabilities and shareholders' equity | | <u>5,391,659,540</u> | <u>5,277,736,354</u> | <u>4,212,723,605</u> | <u>3,849,863,875</u> |
| | | - | - | - | - |

The accompanying notes are an integral part of the financial statements.

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Directors
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Mono Technology Public Company Limited and its subsidiaries

Statement of comprehensive income

For the year ended 31 December 2016

(Unit: Baht)

| | Note | Consolidated financial statements | | Separate financial statements | |
|---------------------------------------------------------------------------------------------------------------|------|-----------------------------------|----------------------|-------------------------------|----------------------|
| | | 2016 | 2015 | 2016 | 2015 |
| Profit or loss: | | | | | |
| Revenues | | | | | |
| Sales and service income | | 2,076,756,211 | 1,892,953,253 | 968,888,871 | 1,082,824,686 |
| Dividend income from subsidiary | 10 | - | - | 232,391,285 | 235,991,150 |
| Other income | | 35,947,941 | 32,182,168 | 94,574,782 | 141,827,437 |
| Total revenues | | 2,112,704,152 | 1,925,135,421 | 1,295,854,938 | 1,460,643,273 |
| Expenses | | | | | |
| Cost of sales and services | | 1,633,841,862 | 1,649,963,155 | 786,404,261 | 853,502,517 |
| Selling and servicing expenses | | 107,572,475 | 229,650,718 | 21,355,789 | 53,211,120 |
| Administrative expenses | | 417,921,961 | 449,909,816 | 200,305,077 | 262,704,730 |
| Loss on impairment of investment in subsidiaries | | - | - | 9,887,000 | 21,794,689 |
| Loss on impairment of investment in joint venture | | 21,300,000 | - | - | - |
| Loss on impairment of intangible assets | | 23,777,955 | 2,724,623 | 11,459,384 | - |
| Doubtful account | | 1,367,215 | - | - | 118,262,086 |
| Total expenses | | 2,205,781,468 | 2,332,248,312 | 1,029,411,511 | 1,309,475,142 |
| Profit (loss) before share of loss from investment in joint venture, finance cost and income tax | | (93,077,316) | (407,112,891) | 266,443,427 | 151,168,131 |
| Share of loss from investment in joint venture | | (1,810,826) | - | - | - |
| Profit (loss) before finance cost and income tax | | (94,888,142) | (407,112,891) | 266,443,427 | 151,168,131 |
| Finance cost | | (145,013,948) | (133,097,062) | (1,223,672) | (888,953) |
| Profit (loss) before income tax | | (239,902,090) | (540,209,953) | 265,219,755 | 150,279,178 |
| Tax income (expenses) | 25 | (9,650,668) | 53,636,561 | (5,735,548) | (10,635,316) |
| Profit (loss) for the year | | (249,552,758) | (486,573,392) | 259,484,207 | 139,643,862 |
| Other comprehensive income: | | | | | |
| <i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i> | | | | | |
| Exchange differences on translation of financial statements in foreign currency | | 924,761 | 8,476,755 | - | - |
| <i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i> | | | | | |
| Actuarial losses | 20 | (7,158,687) | - | (3,059,458) | - |
| Less: Income tax effect | 25 | 1,334,842 | - | 611,892 | - |
| Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax | | (5,823,845) | - | (2,447,566) | - |
| Other comprehensive income for the year | | (4,899,084) | 8,476,755 | (2,447,566) | - |
| Total comprehensive income for the year | | (254,451,842) | (478,096,637) | 257,036,641 | 139,643,862 |
| Earnings per share | | | | | |
| 27 | | | | | |
| Basic earnings (loss) per share | | | | | |
| Profit (loss) attributable to equity holders of the Company | | (0.079) | (0.158) | 0.082 | 0.045 |
| Diluted earnings (loss) per share | | | | | |
| Profit (loss) attributable to equity holders of the Company | | (0.079) | (0.158) | 0.078 | 0.041 |

The accompanying notes are an integral part of the financial statements.

Mono Technology Public Company Limited and its subsidiaries

Statement of cash flows

For the year ended 31 December 2016

(Unit: Baht)

| | Consolidated financial statements | | Separate financial statements | |
|---------------------------------------------------------------------------------------------------------------|------------------------------------------|--------------------|--------------------------------------|---------------------|
| | <u>2016</u> | <u>2015</u> | <u>2016</u> | <u>2015</u> |
| Cash flows from operating activities | | | | |
| Profit (loss) before tax | (239,902,090) | (540,209,953) | 265,219,755 | 150,279,178 |
| Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities | | | | |
| Depreciation | 79,659,602 | 70,440,502 | 20,558,524 | 23,675,732 |
| Amortisation | 676,462,420 | 455,881,267 | 2,959,271 | 2,147,540 |
| Amortisation cost of spectrum license | 128,779,260 | 128,779,260 | - | - |
| Doubtful accounts | 1,367,215 | - | 1,912,261 | - |
| Doubtful accounts - loans to subsidiaries | - | - | (14,394,960) | 118,262,086 |
| Reduction of inventory cost to net realisable value (reversal) | (818,789) | 1,018,654 | - | - |
| Losses on impairment of investments in subsidiaries | - | - | 9,887,000 | 21,794,689 |
| Loss on impairment of investment in joint venture | 21,300,000 | - | - | - |
| Dividend income from investment in subsidiary | - | - | (232,391,285) | (235,991,150) |
| Share of loss from investment in joint venture | 1,810,826 | - | - | - |
| Losses (gains) on sales and written-off of equipment | 1,344,376 | (411,443) | (9,315) | - |
| Losses on impairment of intangible assets | 23,777,955 | 2,724,623 | 11,459,384 | - |
| Losses on written-off of intangible assets | 3,561,308 | 21,823,203 | 294,808 | - |
| Unrealised losses (gains) on exchange | 79,919 | 2,092,529 | (322,066) | (10,198,582) |
| Written-off withholding tax deducted at source | 636,584 | 114,306 | 123,960 | - |
| Provision for employee benefits | 5,606,406 | 5,692,155 | 1,634,148 | 2,159,099 |
| Interest income | (644,929) | (5,001,399) | (31,230,633) | (69,446,742) |
| Interest expenses | 145,013,948 | 133,097,062 | 1,223,672 | 888,953 |
| Profit from operating activities before changes in operating assets and liabilities | 848,034,011 | 276,040,766 | 36,924,524 | 3,570,803 |
| Operating assets (increase) decrease | | | | |
| Trade and other receivables | 15,408,824 | 31,055,886 | 194,281,733 | (49,479,241) |
| Inventories | 1,900,803 | (3,191,639) | - | - |
| Prepaid expenses | 13,585,214 | 19,003,062 | 12,156,897 | (2,053,703) |
| Other non-current assets | 3,007,408 | 877,287 | 517,167 | 156,525 |
| Operating liabilities increase (decrease) | | | | |
| Trade and other payables | (109,939,950) | (8,177,514) | (88,409,089) | 84,972,977 |
| Other current liabilities | 43,703,035 | (3,063,472) | 864,349 | (352,103) |
| Provision for employee benefits | - | (1,738,180) | - | - |
| Cash from operating activities before income tax and withholding tax | 815,699,345 | 310,806,196 | 156,335,581 | 36,815,258 |
| Cash paid for income tax | (67,398,330) | (82,070,062) | (30,545,809) | (53,170,320) |
| Cash received from withholding tax refund | 1,307,083 | 4,505,136 | - | - |
| Net cash from (used in) operating activities | 749,608,098 | 233,241,270 | 125,789,772 | (16,355,062) |

The accompanying notes are an integral part of the financial statements.

Mono Technology Public Company Limited and its subsidiaries

Statement of cash flows (continued)

For the year ended 31 December 2016

(Unit: Baht)

| | Consolidated financial statements | | Separate financial statements | |
|------------------------------------------------------------------|------------------------------------------|------------------------|--------------------------------------|----------------------|
| | <u>2016</u> | <u>2015</u> | <u>2016</u> | <u>2015</u> |
| Cash flows from investing activities | | | | |
| Interest income | 644,929 | 6,666,774 | 22,765,450 | 7,041,169 |
| Decrease (increase) in current investments - deposits with banks | (6,163) | 399,776,600 | (2,939) | 400,000,000 |
| Decrease (increase) in loans to subsidiaries | - | - | 1,880,139,023 | (997,099,740) |
| Decrease (increase) in restricted bank deposits | (8,678,108) | (241,794) | 2,996 | (11,496) |
| Increase in investments in subsidiaries | - | - | (2,399,999,925) | (12,511,678) |
| Cash paid for purchase of investment in a joint venture | (74,336,849) | - | - | - |
| Dividends received from investment in subsidiary | - | - | 289,189,155 | 215,991,900 |
| Cash paid for acquisition of property, plant and equipment | (193,701,851) | (207,091,132) | (6,205,312) | (15,450,578) |
| Proceeds from sales of equipment | 41,560 | 618,589 | 194,468 | - |
| Cash paid for acquisition of intangible assets | (848,648,509) | (931,752,759) | (3,513,131) | (4,245,629) |
| Cost of spectrum license | <u>(412,000,000)</u> | <u>(301,000,000)</u> | - | - |
| Net cash used in investing activities | (1,536,684,991) | (1,033,023,722) | (217,430,215) | (406,286,052) |
| Cash flows from financing activities | | | | |
| Interest expenses | (74,539,996) | (44,400,392) | (1,264,608) | (996,990) |
| Increase in short-term loans from banks | - | 135,000,000 | - | 15,000,000 |
| Cash received from long-term loans from banks | 668,418,767 | 322,070,000 | - | - |
| Repayment of liabilities under finance lease agreements | (10,202,043) | (15,917,912) | (2,888,592) | (2,713,577) |
| Proceeds from increase in share capital | 95,000,000 | 52,338,905 | 95,000,000 | 52,338,905 |
| Dividend paid to the Company's shareholders | <u>(4,014)</u> | <u>(61,565,003)</u> | <u>(3,834)</u> | <u>(61,565,003)</u> |
| Net cash from financing activities | 678,672,714 | 387,525,598 | 90,842,966 | 2,063,335 |
| Translation adjustments | 924,761 | 8,476,755 | - | - |
| Net decrease in cash and cash equivalents | (107,479,418) | (403,780,099) | (797,477) | (420,577,779) |
| Cash and cash equivalents at beginning of year | <u>194,287,822</u> | <u>598,067,921</u> | <u>26,447,473</u> | <u>447,025,252</u> |
| Cash and cash equivalents at end of year | 86,808,404 | 194,287,822 | 25,649,996 | 26,447,473 |
| | - | - | - | - |
| Supplemental cash flows information: | | | | |
| Non-cash transactions | | | | |
| Purchases of equipment for which no cash has been paid | 16,987,735 | 71,479,312 | - | - |
| Purchases of intangible assets for which no cash has been paid | 95,315,889 | 113,094,042 | - | - |
| Issued ordinary shares to purchase intangible assets | 101,500,000 | - | 101,500,000 | - |
| Receipt of repayment of loan to subsidiary by assets | - | - | 22,673,360 | - |

The accompanying notes are an integral part of the financial statements.

Mono Technology Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the year ended 31 December 2016

(Unit: Baht)

| Consolidated financial statements | | | | | | | | | | |
|-----------------------------------------------------------------------------|----------------------------------------------|----------------------------------|-------------------------------------|-----------------------------|------------------------------------------------|-----------------------------------------|-----------------------------------------------|------------------------|---------------|--|
| Equity attributable to owners of the Company | | | | | | | | | | |
| | | | | | Other components of equity | | | | | |
| | | | | | Other comprehensive income | | | | | |
| | | | | | Exchange differences on translation of | Business combination under common | Total other components of shareholders' | Total shareholders' | | |
| | | | | | financial statements in foreign currency | control | equity | equity | | |
| | | | Retained earnings | | | | | | | |
| Issued and fully paid-up share capital | Share subscription received in advance | Premium on ordinary shares | Appropriated - statutory reserve | Unappropriated (deficit) | | | | | | |
| Balance as at 31 December 2014 - as previously reported | 307,999,998 | 302,958 | 2,698,945,842 | 41,591,817 | 67,528,021 | (1,468,719) | (152,365,167) | (153,833,886) | 2,962,534,750 | |
| Effect of the change in recognition of cost of spectrum license (Note 4) | - | - | - | - | (51,309,719) | - | - | - | (51,309,719) | |
| Balance as at 31 December 2014 - as restated | 307,999,998 | 302,958 | 2,698,945,842 | 41,591,817 | 16,218,302 | (1,468,719) | (152,365,167) | (153,833,886) | 2,911,225,031 | |
| Loss for the year | - | - | - | - | (486,573,392) | - | - | - | (486,573,392) | |
| Other comprehensive income for the year | - | - | - | - | - | 8,476,755 | - | 8,476,755 | 8,476,755 | |
| Total comprehensive income for the year | - | - | - | - | (486,573,392) | 8,476,755 | - | 8,476,755 | (478,096,637) | |
| Increase in share capital (Note 21) | 2,093,556 | (302,958) | 50,245,349 | - | - | - | - | - | 52,035,947 | |
| Dividend paid (Note 29) | - | - | - | - | (61,602,023) | - | - | - | (61,602,023) | |
| Unappropriated retained earnings transferred to statutory reserve | - | - | - | 7,688,183 | (7,688,183) | - | - | - | - | |
| Balance as at 31 December 2015 | 310,093,554 | - | 2,749,191,191 | 49,280,000 | (539,645,296) | 7,008,036 | (152,365,167) | (145,357,131) | 2,423,562,318 | |
| Balance as at 31 December 2015 | 310,093,554 | - | 2,749,191,191 | 49,280,000 | (539,645,296) | 7,008,036 | (152,365,167) | (145,357,131) | 2,423,562,318 | |
| Loss for the year | - | - | - | - | (249,552,758) | - | - | - | (249,552,758) | |
| Other comprehensive income for the year | - | - | - | - | (5,823,845) | 924,761 | - | 924,761 | (4,899,084) | |
| Total comprehensive income for the year | - | - | - | - | (255,376,603) | 924,761 | - | 924,761 | (254,451,842) | |
| Increase in share capital (Note 21) | 10,000,000 | - | 186,500,000 | - | - | - | - | - | 196,500,000 | |
| Unappropriated retained earnings transferred to statutory reserve | - | - | - | 570,000 | (570,000) | - | - | - | - | |
| Balance as at 31 December 2016 | 320,093,554 | - | 2,935,691,191 | 49,850,000 | (795,591,899) | 7,932,797 | (152,365,167) | (144,432,370) | 2,365,610,476 | |

The accompanying notes are an integral part of the financial statements.

Mono Technology Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the year ended 31 December 2016

(Unit: Baht)

| | Separate financial statements | | | | | Total shareholders' equity |
|----------------------------------------------------------------------|----------------------------------------------|----------------------------------------------|-------------------------------|-------------------------------------|--------------------|----------------------------------|
| | Issued and fully paid-up share capital | Share subscription received in advance | Premium on ordinary shares | Retained earnings | | |
| | | | | Appropriated - statutory reserve | Unappropriated | |
| Balance as at 1 January 2015 | 307,999,998 | 302,958 | 2,698,945,842 | 41,591,817 | 335,083,123 | 3,383,923,738 |
| Total comprehensive income for the year | - | - | - | - | 139,643,862 | 139,643,862 |
| Increase in share capital (Note 21) | 2,093,556 | (302,958) | 50,245,349 | - | - | 52,035,947 |
| Dividend paid (Note 29) | - | - | - | - | (61,602,023) | (61,602,023) |
| Unappropriated retained earnings transferred to statutory reserve | - | - | - | 7,688,183 | (7,688,183) | - |
| Balance as at 31 December 2015 | <u>310,093,554</u> | <u>-</u> | <u>2,749,191,191</u> | <u>49,280,000</u> | <u>405,436,779</u> | <u>3,514,001,524</u> |
| | | | | | | - |
| Balance as at 1 January 2016 | 310,093,554 | - | 2,749,191,191 | 49,280,000 | 405,436,779 | 3,514,001,524 |
| Profit for the year | - | - | - | - | 259,484,207 | 259,484,207 |
| Other comprehensive income for the year | - | - | - | - | (2,447,566) | (2,447,566) |
| Total comprehensive income for the year | - | - | - | - | 257,036,641 | 257,036,641 |
| Increase in share capital (Note 21) | 10,000,000 | - | 186,500,000 | - | - | 196,500,000 |
| Unappropriated retained earnings transferred to statutory reserve | - | - | - | 570,000 | (570,000) | - |
| Balance as at 31 December 2016 | <u>320,093,554</u> | <u>-</u> | <u>2,935,691,191</u> | <u>49,850,000</u> | <u>661,903,420</u> | <u>3,967,538,165</u> |

The accompanying notes are an integral part of the financial statements.

Mono Technology Public Company Limited and its subsidiaries

Notes to consolidated financial statements

For the year ended 31 December 2016

1. General information

Mono Technology Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. Mr. Pete Bodharamik is a major shareholder of the Company. The registered office of the Company is at 200 Jasmine International tower 16th Floor, Moo 4 Chaengwattana Road, Pakkred, Nonthaburi. The core businesses of the Company and its subsidiaries are as follows:

- a) The media and content business consists of Mobile Value Added Services (MVAS), Internet media business, publishing business, TV media and radio media business
- b) The entertainment business consists of music business and movie business

2. Basis for the preparation of financial statements

- 2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 28 September 2011, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of the Company and the following subsidiary companies (“the subsidiaries”):

| Company's name | Nature of business | Country of incorporation | Percentage of shareholding | |
|--------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|----------------------------|------------------------|
| | | | <u>2016</u> Percent | <u>2015</u> Percent |
| <u>Held by the Company</u> | | | | |
| Mono Generation Co., Ltd. | Production, distribution and service of entertainment contents, magazine and other books, including motion picture, music and other entertainment media | Thailand | 100 | 100 |
| Mono Travel Co., Ltd. | Service of offering hotel accommodations, tour package and air ticket, including production and service of contents | Thailand | 100 | 100 |
| Mono Production Co., Ltd. | Space services, production, manufacturer of TV media and other media, including service of entertainment contents | Thailand | 100 | 100 |
| Mono Info Systems Co., Ltd. | Production, manufacturer and providers software; Enterprise software and Digital content | Thailand | 100 | 100 |
| Mono Music Co., Ltd. (Formerly known as Mono Entertainment Co., Ltd.) | Production, distribution and service of entertainment contents, including other entertainment media | Thailand | 100 | 100 |
| Mono Radio Co., Ltd. | Radio station and broadcast business | Thailand | 100 | 100 |
| Mono Radio Broadcast Co., Ltd. | Radio station and broadcast business | Thailand | 100 | 100 |
| Mono Talent Studio Co., Ltd. | Service of actors, artist and entertainment contents | Thailand | 100 | 100 |
| T Moment Co., Ltd. | Production, manufacturer, distribution of motion picture and including service of entertainment contents | Thailand | 100 | - |
| Mono Technology Korea Corporation | Provided information and entertainment content through several channels (Dissolution and liquidation) | Korea | - | 100 |
| PT Mono Technology Indonesia (1% held by Mono Generation Co., Ltd.) | Provided information and entertainment content through several channels (Dissolution and currently in process of liquidation) | Indonesia | 100 | 100 |
| Mono Technology Vietnam Co., Ltd. | Provided information and entertainment content through several channels | Vietnam | 100 | 100 |
| Mono Technology Hong Kong Ltd. | Provided information and entertainment content through several channels | Hong Kong | 100 | 100 |

| Company's name | Nature of business | Country of incorporation | Percentage of shareholding | |
|--------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------|--------------------------|----------------------------|-------------|
| | | | <u>2016</u> | <u>2015</u> |
| | | | Percent | Percent |
| <u>Held by the subsidiaries</u> | | | | |
| <u>Subsidiary held by Mono Generation Co., Ltd.</u> | | | | |
| Mono Film Co., Ltd. | Production, manufacturer and distribution of film, television program, including service of entertainment contents | Thailand | 100 | 100 |
| <u>Subsidiaries held by Mono Production Co., Ltd.</u> | | | | |
| Mono Sport Entertainment Co., Ltd. | Organising sport tournament and other related activities, including team management or sport club | Thailand | 100 | 100 |
| Mono Broadcast Co., Ltd. | Broadcasting and television business | Thailand | 100 | 100 |

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- e) The assets and liabilities in the financial statements of overseas subsidiary companies are translated to Baht using the exchange rate prevailing on the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of "Exchange differences on translation of financial statements in foreign currency" in the statements of changes in shareholders' equity.
- f) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.

2.3 The separate financial statements present investments in subsidiaries under the cost method.

3. New financial reporting standards

(a) Financial reporting standards that became effective in the current year

During the year, the Company and its subsidiaries have adopted the revised (revised 2015) and new financial reporting standards and accounting treatment guidance issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after 1 January 2016. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries' financial statements.

(b) Financial reporting standard that will become effective in the future

During the current year, the Federation of Accounting Professions issued a number of the revised financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which is effective for fiscal years beginning on or after 1 January 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards.

The management of the Company and its subsidiaries believe that the revised financial reporting standards and interpretations and new accounting treatment guidance will not have any significant impact on the financial statements when they are initially applied. However, one standard involves changes to key principles, which are summarised below.

TAS 27 (revised 2016) Separate Financial Statements

This revised standard stipulates an additional option to account for investments in subsidiaries, joint ventures and associates in separate financial statements under the equity method, as described in TAS 28 (revised 2016) Investments in Associates and Joint Ventures. However, the entity is to apply the same accounting treatment for each category of investment. If an entity elects to account for such investments using the equity method in the separate financial statements, it has to adjust the transaction retrospectively.

This standard will not have any significant impact on the Company and its subsidiaries' financial statements because the management has decided to continue accounting for such investments under the cost method in the separate financial statements.

4. Cumulative effect of the change in recognition of the cost of spectrum license

Mono Broadcast Company Limited ("Broadcast") has adjusted its recognition of the cost of licenses for digital television systems ("the license"). Broadcast originally determined that the bid price of the license should be treated as an initial cost of the license, and that the conditions setting the period of payment were in accordance with normal conditions clearly stipulated by the government agency. Broadcast therefore recorded the cost of the license as an asset and recorded the outstanding cost of the spectrum license, based on the bid price, as a liability. However, on 8 February 2016, the Federation of Accounting Professions ("FAP") published an exposure document providing an interpretation on accounting issues related to the recognition of licenses granted by the government sector, whereby gradual payment of license costs is interpreted as being similar to the sale of goods under installment terms and an entity is therefore required to determine the cost of the license based on the sum of the amounts to be paid immediately, within a specified period, and the discounted value of the amount that the entity is required to pay to the government agency in installments. Moreover, if an entity has not reported such transactions in accordance with this interpretation is to restate its prior year financial statements. As a result, Broadcast has adjusted cost of licenses for digital television systems in its financial statements for the year ended at 31 December 2014 (the spectrum license was granted on 25 April 2014) in accordance with the interpretation of the FAP.

5. Significant accounting policies

5.1 Revenue recognition

Sales of goods

Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowances.

Rendering of services

Revenues from mobile value added service, advertising and other services relating to Internet business, TV and radio business are recognised when services have been rendered taking into account the stage of completion.

Interest income

Interest income is recognised on an accrual basis based on the effective interest rate.

Dividends

Dividends are recognised when the right to receive the dividends is established.

5.2 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less from acquisition date and not subject to withdrawal restrictions.

5.3 Trade and other receivables

Trade and other receivables are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience and analysis of debt aging.

5.4 Inventories

Compact discs, video compact discs and digital versatile discs are valued at the lower of cost (first-in, first-out method) and net realisable value.

Magazines and pocket books are valued at the lower of cost (specific identification method) and net realisable value.

5.5 Investments

- a) Investment in joint venture is accounted for in the consolidated financial statements using the equity method.
- b) Investments in subsidiaries and joint venture accounted for in the separate financial statements are stated at cost net of allowance for impairment loss (if any).

5.6 Property, plant and equipment/Depreciation

Land is stated at cost. Building and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of building and equipment are calculated by reference to their costs on the straight-line basis over the following estimated useful lives:

| | <u>Useful lives</u> |
|------------------------------------------|---------------------|
| Building | 40 years |
| Land improvement | 20 years |
| Building and leasehold improvement | 5, 10 years |
| Furniture, fixtures and office equipment | 4, 5 years |
| Computer and equipment | 3 - 5 years |
| Motor vehicles | 5 years |

Depreciation is charged to profit or loss.

No depreciation is provided on land and assets under installation.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

5.7 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

5.8 Intangible assets, cost of spectrum license and amortisation

Intangible assets and cost of spectrum license are recognised at cost, and for the cost of spectrum license was measured at the cash equivalent price based on the present value of the installments. The difference between the total payment to be made and the cash equivalent price is recognised as a finance cost over the license fee payment period, with the cost being amortised from the time the Company is ready to provide commercial service.

Following the initial recognition, intangible assets and cost of spectrum license are carried at cost less accumulated amortisation and accumulated impairment losses (if any).

Intangible assets and cost of spectrum license with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that an intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

A summary of the intangible assets with finite useful lives is as follows:

| | <u>Useful lives</u> | |
|----------------------------------|---------------------|--------------------------|
| Cost of spectrum license | 15 | years |
| Cost of website | 10 | years |
| Films, music and video copyright | 5, 10 | years or contract period |
| Other copyright | 3, 5, 10 | years or contract period |
| Computer software | 3, 5, 10, 20 | years |

5.9 Related party transactions

Related parties comprise enterprises and individuals that control, or are controlled by, the Company and its subsidiaries, whether directly or indirectly, or which are under common control with the Company and its subsidiaries.

They also include individuals or enterprises which directly or indirectly own a voting interest in the Company and its subsidiaries that gives them significant influence over the Company and its subsidiaries, key management personnel, directors, and officers with authority in the planning and direction of the operations of the Company and its subsidiaries.

5.10 Long-term leases

Leases of equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in long-term payables, while the interest element is charged to profit or loss over the lease period. The assets acquired under finance leases are depreciated over the useful life of the asset.

Leases of building and equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

5.11 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items of each entity included in the consolidated financial statements are measured using the functional currency of that entity.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

5.12 Impairment of assets

At the end of each reporting period, the Company and its subsidiaries perform impairment reviews in respect of assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

The Company and its subsidiaries recognise an impairment loss in profit and loss.

5.13 Employee benefits

Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

Post-employment benefits

Defined contribution plans

The Company, its subsidiaries and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company and its subsidiaries. The fund's assets are held in a separate trust fund and contributions of the Company and its subsidiaries are recognised as expenses when incurred.

Defined benefit plans

The Company and its subsidiaries have obligations in respect of the severance payments they must make to employees upon retirement under labor law. The Company and its subsidiaries treat these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income.

5.14 Provisions

Provisions are recognised when the Company and its subsidiaries have a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

5.15 Income tax

Income tax represents the sum of corporate income tax currently payable and deferred tax.

Current tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Deferred tax

Deferred tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company and its subsidiaries recognise deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Company and its subsidiaries review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company and its subsidiaries record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

6. Significant accounting judgements and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows:

Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgement regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

Allowance for doubtful accounts

In determining an allowance for doubtful accounts, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

Impairment of investments

The Company treats investments as impaired when there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires judgement of the management.

Property, plant and equipment/Depreciation

In determining depreciation of building and equipment, the management is required to make estimates of the useful lives and residual values of building and equipment and to review estimate useful lives and residual values when there are any changes.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

Intangible assets

The initial recognition and measurement of intangible assets, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

Post-employment benefits under defined benefit plans

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

Litigation

The Company has contingent liabilities as a result of litigation. The Company's management has used judgement to assess of the results of the litigation and believes that no loss will result. Therefore no contingent liabilities are recorded as at the end of reporting period.

7. Related party transactions

The followings are relationships with enterprises that control, or are controlled by, the Company and its subsidiaries, whether directly or indirectly, or which are under common control with the Company and its subsidiaries.

| Name of entities | Nature of relationship |
|----------------------------------|-----------------------------------------|
| Jasmine Group | Common major shareholders and directors |
| Toyota PS Enterprise Co., Ltd. | Common directors |
| Green Star Environment Co., Ltd. | Common directors |
| Media Shaker Co., Ltd. | Common directors |

During the year, the Company and its subsidiaries had significant business transactions with related persons or parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and its subsidiaries and those related parties.

(Unit: Million Baht)

| | Consolidated financial statements | | Transfer Pricing Policy |
|--------------------------------------------|-----------------------------------|------|----------------------------------|
| | 2016 | 2015 | |
| <u>Transactions with related companies</u> | | | |
| Sales and service income | 29 | 28 | Contract price or as agreed upon |
| Other income | - | 1 | Contract price or as agreed upon |
| Cost of sales and services | 2 | 2 | Contract price or as agreed upon |
| Rental and service expenses | 73 | 73 | Contract price or as agreed upon |
| Promotional expenses | - | 2 | Contract price or as agreed upon |
| Other expenses | 15 | 20 | Contract price or as agreed upon |

(Unit: Million Baht)

| | Separate financial statements | | Transfer Pricing Policy |
|---------------------------------------------------------|-------------------------------|------|----------------------------------------------------------|
| | 2016 | 2015 | |
| <u>Transactions with subsidiaries</u> | | | |
| (eliminated from the consolidated financial statements) | | | |
| Sales and service income | 7 | 7 | Contract price or as agreed upon |
| Dividend income | 232 | 236 | According to the resolution of the subsidiaries' meeting |
| Interest income | 31 | 65 | 3% per annum |
| Other income | 52 | 50 | Contract price |
| Service revenue sharing | 464 | 472 | Contract price or as agreed upon |
| Promotional expenses | 6 | 8 | Contract price or as agreed upon |
| Other expenses | 2 | 14 | Contract price or as agreed upon |
| <u>Transactions with related companies</u> | | | |
| Sales and service income | 14 | 13 | Contract price or as agreed upon |
| Rental and service expenses | 50 | 48 | Contract price or as agreed upon |
| Promotional expenses | - | 2 | Contract price or as agreed upon |
| Other expenses | 14 | 19 | Contract price or as agreed upon |

As at 31 December 2016 and 2015, the balances of accounts between the Company, its subsidiaries and those related parties were as follows:

| | (Unit: Million Baht) | | | |
|---------------------------------------------------------------|----------------------|-----------|----------------------|------------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | 2016 | 2015 | 2016 | 2015 |
| <u>Trade receivables - related parties (Note 8)</u> | | | | |
| Subsidiaries | - | - | 6 | 123 |
| Related companies | 4 | 4 | 2 | 2 |
| Total trade receivables - related parties | <u>4</u> | <u>4</u> | <u>8</u> | <u>125</u> |
| <u>Other receivables - related parties (Note 8)</u> | | | | |
| Subsidiaries | - | - | 194 | 231 |
| Total other receivables - related parties | <u>-</u> | <u>-</u> | <u>194</u> | <u>231</u> |
| <u>Dividend receivables - related parties (Note 8)</u> | | | | |
| Subsidiary | - | - | 55 | 112 |
| Total dividend receivables - related party | <u>-</u> | <u>-</u> | <u>55</u> | <u>112</u> |
| <u>Deposits and retentions - related parties</u> | | | | |
| Related companies | 7 | 7 | 6 | 6 |
| Total deposits and retentions - related parties | <u>7</u> | <u>7</u> | <u>6</u> | <u>6</u> |
| <u>Trade payables - related parties (Note 16)</u> | | | | |
| Subsidiaries | - | - | 117 | 169 |
| Related companies | - | 1 | - | - |
| Total trade payables - related parties | <u>-</u> | <u>1</u> | <u>117</u> | <u>169</u> |
| <u>Other payables - related parties (Note 16)</u> | | | | |
| Subsidiaries | - | - | 5 | 3 |
| Related companies | 23 | 23 | 18 | 17 |
| Total other payables - related parties | <u>23</u> | <u>23</u> | <u>23</u> | <u>20</u> |

Loans to subsidiaries

As at 31 December 2016 and 2015, the balances of loans to subsidiaries and the movements were as follows:

(Unit: Million Baht)

| | Separate financial statements | | | Balance as at 31 December 2016 |
|--------------------------------------------------------------------------|--------------------------------------|-----------------|----------------|--------------------------------------|
| | Balance as at 31 December 2015 | During the year | | |
| | | Increase | Decrease | |
| Mono Generation Co., Ltd. | 770 | 40 | (800) | 10 |
| Mono Travel Co., Ltd. | 23 | - | (14) | 9 |
| Mono Production Co., Ltd. | 1,466 | 84 | (1,445) | 105 |
| Mono Music Co., Ltd. (Formerly known as Mono Entertainment Co., Ltd.) | 62 | - | - | 62 |
| PT Mono Technology Indonesia | 12 | - | - | 12 |
| Mono Technology Korea Corporation | 106 | - | (106) | - |
| Mono Technology Vietnam Co., Ltd. | 11 | - | - | 11 |
| Mono Radio Co., Ltd. | 49 | 32 | - | 81 |
| Mono Radio Broadcast Co., Ltd. | 5 | - | - | 5 |
| Mono Talent Studio Co., Ltd. | - | 9 | - | 9 |
| Mono Broadcast Co., Ltd. | - | 190 | - | 190 |
| Mono Sport Entertainment Co., Ltd. | - | 28 | - | 28 |
| | <u>2,504</u> | <u>383</u> | <u>(2,365)</u> | <u>522</u> |
| Allowance for doubtful accounts | <u>(118)</u> | <u>(11)</u> | <u>106</u> | <u>(23)</u> |
| Total | <u>2,386</u> | <u>372</u> | <u>(2,259)</u> | <u>499</u> |

On 21 March 2016 and 27 June 2016, the Company received loan repayment from Mono Production Co., Ltd., total amounting to Baht 1,445 million.

On 21 March 2016, 4 April 2016 and 3 June 2016, the Company received loan repayment from Mono Generation Co., Ltd., total amounting to Baht 800 million.

On 9 November 2016, a meeting of the Company's Board of Directors passed a resolution to approve the write off of a loan of Baht 80 million to Mono Technology Korea Corporation which the Company had already set aside allowance for doubtful debt in full as bad debt, after the Company received loan repayment of Baht 4 million in cash and Baht 22 million in other forms.

The balances are loans to subsidiaries in form of promissory notes which have no collateral and carry interest at the rate 3 percent per annum. The loans are due on demand.

However, the Company has no intention to call for loan repayment from subsidiaries within one year, therefore, the Company classifies this loan as non-current assets.

Directors and management's benefits

During the years ended 31 December 2016 and 2015, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

| | (Unit: Million Baht) | | | |
|------------------------------|----------------------|-----------|----------------------|-----------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | 2016 | 2015 | 2016 | 2015 |
| Short-term employee benefits | 45 | 44 | 28 | 27 |
| Post-employment benefits | 1 | 1 | 1 | 1 |
| Total | 46 | 45 | 29 | 28 |

Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its related parties as described in Note 31.2 a) to the financial statements.

8. Trade and other receivables

| | (Unit: Million Baht) | | | |
|-----------------------------------------------|----------------------|------------|----------------------|------------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | 2016 | 2015 | 2016 | 2015 |
| Trade receivables - related parties (Note 7) | 4 | 4 | 8 | 125 |
| Trade receivables - unrelated parties | 164 | 223 | 87 | 114 |
| Accrued revenue | 251 | 188 | 131 | 135 |
| Dividend receivables - related party (Note 7) | - | - | 55 | 112 |
| Other receivables - related parties (Note 7) | - | - | 194 | 231 |
| Other receivables - unrelated parties | 113 | 147 | 2 | 2 |
| Total | 532 | 562 | 477 | 719 |
| Less: Allowance for doubtful accounts | (2) | (8) | - | (4) |
| Trade and other receivables - net | 530 | 554 | 477 | 715 |

The outstanding balances of trade receivables as at 31 December 2016 and 2015, aged on the basis of due dates, are summarised below.

| Age of receivables | (Unit: Million Baht) | | | |
|-----------------------------------------------------|----------------------|------|----------------------|------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | 2016 | 2015 | 2016 | 2015 |
| <u>Trade receivables - related parties</u> | | | | |
| Not yet due | 4 | 3 | 3 | 112 |
| Past due | | | | |
| Up to 3 months | - | 1 | 1 | 3 |
| 3 - 6 months | - | - | 1 | 1 |
| 6 - 12 months | - | - | 1 | 2 |
| Over 12 months | - | - | 2 | 7 |
| Total trade receivables - related parties | 4 | 4 | 8 | 125 |
| <u>Trade receivables - unrelated parties</u> | | | | |
| Not yet due | 81 | 144 | 44 | 75 |
| Past due | | | | |
| Up to 3 months | 87 | 78 | 43 | 35 |
| 3 - 6 months | 7 | 7 | - | - |
| 6 - 12 months | 6 | 5 | - | - |
| Over 12 months | 10 | 13 | - | 4 |
| | 191 | 247 | 87 | 114 |
| Less: Allowance for sales return | (27) | (24) | - | - |
| | 164 | 223 | 87 | 114 |
| Less: Allowance for doubtful accounts | (2) | (8) | - | (4) |
| Total trade receivables - unrelated parties, net | 162 | 215 | 87 | 110 |
| Total trade receivables - net | 166 | 219 | 95 | 235 |

9. Inventories

(Unit: Million Baht)

| Consolidated financial statements | | | | | | |
|-----------------------------------|----------------|-------------|----------------------------------------------|-------------|-----------------|-------------|
| | Cost | | Reduction of cost to net realisable value | | Inventories-net | |
| | <u>2016</u> | <u>2015</u> | <u>2016</u> | <u>2015</u> | <u>2016</u> | <u>2015</u> |
| | Finished goods | 14 | 15 | (6) | (7) | 8 |
| Work in process | 1 | 2 | - | - | 1 | 2 |
| Total | 15 | 17 | (6) | (7) | 9 | 10 |

10. Investments in subsidiaries

(Unit: Million Baht)

| Separate financial statements | | | | | | |
|-----------------------------------------------------------------------------|---------------------------|-------------|---------------------|-------------------|--------------------------------------|-------------|
| Company's name | Paid-up capital | | Cost | | Dividend received during the year | |
| | <u>2016</u> | <u>2015</u> | <u>2016</u> | <u>2015</u> | <u>2016</u> | <u>2015</u> |
| | Mono Generation Co., Ltd. | 982 | 132 | 902 | 52 | - |
| Mono Travel Co., Ltd. | 20 | 20 | 9 | 9 | - | - |
| Mono Info Systems Co., Ltd. | 8 | 8 | 8 | 8 | 232 | 236 |
| Mono Production Co., Ltd. | 1,820 | 320 | 1,820 | 320 | - | - |
| Mono Music Co., Ltd. (Formerly known as Mono Entertainment Co., Ltd.) | 38 | 38 | 55 | 55 | - | - |
| Mono Radio Co., Ltd. | 1 | 1 | 1 | 1 | - | - |
| Mono Radio Broadcast Co., Ltd. | - | - | - | - | - | - |
| Mono Talent Studio Co., Ltd. | 5 | 5 | 5 | 5 | - | - |
| T Moment Co., Ltd. | 50 | - | 50 | - | - | - |
| PT Mono Technology Indonesia | 4 | 4 | 4 | 4 | - | - |
| Mono Technology Korea Corporation | - | 18 | - | 18 | - | - |
| Mono Technology Hong Kong Ltd. | 107 | 107 | 107 | 107 | - | - |
| Mono Technology Vietnam Co., Ltd. | 10 | 10 | 10 | 10 | - | - |
| | | | <u>2,971</u> | <u>589</u> | <u>232</u> | <u>236</u> |
| Less: Allowance for impairment of investments | | | <u>(14)</u> | <u>(22)</u> | | |
| Total investments in subsidiaries - net | | | <u><u>2,957</u></u> | <u><u>567</u></u> | | |

On 19 February 2016, a meeting of the Company's Board of Directors passed the following significant resolutions:

- a) Approved the establishment of "T moment Co., Ltd." by the Company, which invested in 1,999,997 ordinary shares of Baht 100 each, with 25% of the registered capital call up amounting to Baht 50 million. On 18 March 2016, the Company made full payment of this share capital. The Company's shareholding in T moment Co., Ltd. was at 100 percent.
- b) Approved the acquisition all of the additional ordinary shares of Mono Production Co., Ltd., 15,000,000 ordinary shares of Baht 100 each, amounting to Baht 1,500 million. The Company's shareholding in this subsidiary remained unchanged. On 21 March 2016, the Company made full payment of such share capital.

On 11 May 2016, a meeting of the Company's Board of Directors passed the following significant resolutions:

- a) Approved the acquisition all of the additional ordinary shares of Mono Generation Co., Ltd., 8,500,000 ordinary shares of Baht 100 each, amounting to Baht 850 million. The Company's shareholding in this subsidiary remained unchanged. On 3 June 2016, the Company made full payment of such share capital.
- b) Approved the registration of the dissolution of PT Mono Technology Indonesia and Mono Technology Korea Corporation. The subsidiary companies are currently in the process of liquidation and completely liquidation on 31 October 2016, respectively.

In December 2016, the Board of Directors' Meeting of T Moment Co., Ltd., a subsidiary, approved to call up a further 7.5% of its registered capital, or a total of Baht 15 million. The Company's shareholding in this subsidiary remained unchanged. On 8 February 2017, the Company made full payment of such share capital.

As at 31 December 2016, the net asset value of subsidiaries was Baht 382 million (2015: Baht 415 million) lower than the cost of investment. However, the Company did not record the impairment of the investments since the management of the Company believed that the decrease in value was not permanent.

11. Investment in a joint venture

In June 2016, Mono Technology Hong Kong Ltd. invested in a joint venture with another company to establish Yunnan Mono Digital Technology Company Limited in China. This company has a registered share capital of USD 8 million (62.5% called up).

As at 31 December 2016, details of this investment are as follows:

(Unit: Million Baht)

| | | Consolidated financial statements | | | | | |
|------------------------------------------------|------------------------------------------------|-----------------------------------|------------------|------------------|------------------|-----------------------------------------|------------------|
| Company's name | Nature of business | Shareholding percentage | | Cost - net | | Carrying amounts based on equity method | |
| | | 31 December 2016 | 31 December 2015 | 31 December 2016 | 31 December 2015 | 31 December 2016 | 31 December 2015 |
| | | (%) | (%) | | | | |
| Yunnan Mono Digital Technology Company Limited | Provided information and entertainment content | 42 | - | 53 | - | 51 | - |
| Total | | | | 53 | - | 51 | - |

During the year ended 31 December 2016, the subsidiary has recognised its share of loss from investment in Yunnan Mono Digital Technology Company Limited totally Baht 2 million in the consolidated financial statements. This share of loss from investment in joint venture was calculated based on the financial statements prepared by the joint venture's management.

12. Property, plant and equipment

(Unit: Million Baht)

| Consolidated financial statements | | | | | | | |
|-------------------------------------------------------------------------------------------------|------------------------------|-------------------------------------------------------|---------------------------------------------------|------------------------------|-------------------|------------------------------|-------|
| | Land and land improvement | Building, building and leasehold improvement | Furniture, fixtures and office equipment | Computer and equipment | Motor vehicles | Assets under installation | Total |
| Cost: | | | | | | | |
| 1 January 2015 | 244 | 70 | 139 | 217 | 25 | 4 | 699 |
| Additions | - | 3 | 20 | 36 | 1 | 223 | 283 |
| Disposals/written-off | - | - | - | - | (1) | - | (1) |
| 31 December 2015 | 244 | 73 | 159 | 253 | 25 | 227 | 981 |
| Additions | - | 6 | 43 | 14 | - | 78 | 141 |
| Disposals/written-off | - | (1) | (1) | (2) | - | - | (4) |
| Transfer in (out) | 12 | 288 | - | - | - | (300) | - |
| 31 December 2016 | 256 | 366 | 201 | 265 | 25 | 5 | 1,118 |
| Accumulated depreciation: | | | | | | | |
| 1 January 2015 | - | 17 | 48 | 118 | 12 | - | 195 |
| Depreciation for the year | - | 7 | 27 | 34 | 2 | - | 70 |
| Depreciation on disposals/written-off | - | - | - | - | (1) | - | (1) |
| 31 December 2015 | - | 24 | 75 | 152 | 13 | - | 264 |
| Depreciation for the year | 1 | 12 | 31 | 34 | 2 | - | 80 |
| Depreciation on disposals/written-off | - | (1) | (1) | (1) | - | - | (3) |
| 31 December 2016 | 1 | 35 | 105 | 185 | 15 | - | 341 |
| Net book value: | | | | | | | |
| 31 December 2015 | 244 | 49 | 84 | 101 | 12 | 227 | 717 |
| 31 December 2016 | 255 | 331 | 96 | 80 | 10 | 5 | 777 |
| Depreciation for the year | | | | | | | |
| 2015 (Baht 52 million included in cost of services, and the balance in administrative expenses) | | | | | | | 70 |
| 2016 (Baht 62 million included in cost of services, and the balance in administrative expenses) | | | | | | | 80 |

(Unit: Million Baht)

| Separate financial statements | | | | | |
|-------------------------------------------------------------------------------------------------|--------------------------|----------------------------------|---------------------------|----------------|-------|
| | Furniture, | | | | Total |
| | Leasehold improvement | fixtures and office equipment | Computer and equipment | Motor vehicles | |
| Cost: | | | | | |
| 1 January 2015 | 36 | 26 | 104 | 7 | 173 |
| Additions | - | 2 | 18 | - | 20 |
| 31 December 2015 | 36 | 28 | 122 | 7 | 193 |
| Additions | - | 1 | 5 | - | 6 |
| 31 December 2016 | 36 | 29 | 127 | 7 | 199 |
| Accumulated depreciation: | | | | | |
| 1 January 2015 | 11 | 15 | 71 | 3 | 100 |
| Depreciation for the year | 3 | 5 | 15 | 1 | 24 |
| 31 December 2015 | 14 | 20 | 86 | 4 | 124 |
| Depreciation for the year | 3 | 4 | 12 | 1 | 20 |
| 31 December 2016 | 17 | 24 | 98 | 5 | 144 |
| Net book value: | | | | | |
| 31 December 2015 | 22 | 8 | 36 | 3 | 69 |
| 31 December 2016 | 19 | 5 | 29 | 2 | 55 |
| Depreciation for the year | | | | | |
| 2015 (Baht 11 million included in cost of services, and the balance in administrative expenses) | | | | | 24 |
| 2016 (Baht 8 million included in cost of services, and the balance in administrative expenses) | | | | | 20 |

During the year ended 31 December 2016, the subsidiary included borrowing costs as part of the projects cost amounting to Baht 3 million (2015: Nil). The weighted average rate used to determine the amount of borrowing costs eligible for capitalisation was 6.5 percent per annum.

As at 31 December 2016, certain items of equipment of the Company and its subsidiaries had been fully depreciated but were still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 142 million (2015: Baht 99 million) and of the Company only amounting to Baht 89 million (2015: Baht 58 million).

As at 31 December 2016, the Company and its subsidiaries had vehicles and equipment with net book values Baht 12 million (2015: Baht 32 million) and of the Company only amounting to Baht 6 million (2015: Baht 8 million) acquired under finance lease agreements.

The subsidiary has mortgaged the land with structures thereon, amounting to Baht 250 million, as collateral for the subsidiary's long-term loan from bank.

13. Intangible assets

(Unit: Million Baht)

| Consolidated financial statements | | | | | | |
|--------------------------------------------------------------------------------------------------|----------------------|----------------------------------------|--------------------|---------------------|--------------------|-------|
| | Website copyright | Films, music and video copyright | Other copyright | Program computer | Work in process | Total |
| Cost: | | | | | | |
| 1 January 2015 | 83 | 717 | 111 | 42 | 469 | 1,422 |
| Additions | 1 | 27 | 10 | 2 | 942 | 982 |
| Disposals/written-off | - | - | (15) | (12) | (7) | (34) |
| Transfer in (out) | - | 886 | 17 | 18 | (921) | - |
| 31 December 2015 | 84 | 1,630 | 123 | 50 | 483 | 2,370 |
| Additions | - | 2 | 6 | 2 | 922 | 932 |
| Disposals/written-off | (1) | (485) | (4) | - | - | (490) |
| Transfer in (out) | - | 772 | 140 | 14 | (926) | - |
| 31 December 2016 | 83 | 1,919 | 265 | 66 | 479 | 2,812 |
| Accumulated amortisation: | | | | | | |
| 1 January 2015 | 24 | 151 | 12 | 12 | - | 199 |
| Amortisation for the year | 5 | 420 | 22 | 9 | - | 456 |
| Amortisation on disposals/written-off | - | - | (8) | (4) | - | (12) |
| 31 December 2015 | 29 | 571 | 26 | 17 | - | 643 |
| Amortisation for the year | 5 | 621 | 41 | 9 | - | 676 |
| Amortisation on disposals/written-off | (1) | (484) | (1) | - | - | (486) |
| 31 December 2016 | 33 | 708 | 66 | 26 | - | 833 |
| Allowance for impairment loss: | | | | | | |
| 1 January 2015 | 1 | - | - | - | - | 1 |
| Increase during the year | - | - | - | - | 3 | 3 |
| 31 December 2015 | 1 | - | - | - | 3 | 4 |
| Increase during the year | 16 | 11 | 3 | - | - | 30 |
| Reversal of impairment | (4) | - | (3) | - | - | (7) |
| 31 December 2016 | 13 | 11 | - | - | 3 | 27 |
| Net book value: | | | | | | |
| 31 December 2015 | 54 | 1,059 | 97 | 33 | 480 | 1,723 |
| 31 December 2016 | 37 | 1,200 | 199 | 40 | 476 | 1,952 |
| Amortisation for the year | | | | | | |
| 2015 (Baht 455 million included in cost of services, and the balance in administrative expenses) | | | | | | 456 |
| 2016 (Baht 673 million included in cost of services, and the balance in administrative expenses) | | | | | | 676 |

(Unit: Million Baht)

| | Separate financial statements | | | | Total |
|------------------------------------------------------------------------------------------------|-------------------------------|----------------------------------------|---------------------|--------------------|-------|
| | Website copyright | Films, music and video copyright | Program computer | Work in process | |
| Cost: | | | | | |
| 1 January 2015 | 11 | 9 | 4 | 10 | 34 |
| Additions | - | - | - | 4 | 4 |
| 31 December 2015 | 11 | 9 | 4 | 14 | 38 |
| Additions | - | 12 | 1 | 104 | 117 |
| Transfer in (out) | - | - | 14 | (14) | - |
| 31 December 2016 | 11 | 21 | 19 | 104 | 155 |
| Accumulated amortisation: | | | | | |
| 1 January 2015 | 4 | 5 | 2 | - | 11 |
| Amortisation for the year | - | 2 | - | - | 2 |
| 31 December 2015 | 4 | 7 | 2 | - | 13 |
| Amortisation for the year | - | 1 | 2 | - | 3 |
| 31 December 2016 | 4 | 8 | 4 | - | 16 |
| Allowance for impairment loss: | | | | | |
| 31 December 2015 | 1 | - | - | - | 1 |
| Increase during the year | - | 11 | - | - | 11 |
| 31 December 2016 | 1 | 11 | - | - | 12 |
| Net book value: | | | | | |
| 31 December 2015 | 6 | 2 | 2 | 14 | 24 |
| 31 December 2016 | 6 | 2 | 15 | 104 | 127 |
| Amortisation for the year | | | | | |
| 2015 (Baht 2 million included in cost of services, and the balance in administrative expenses) | | | | | 2 |
| 2016 (Baht 2 million included in cost of services, and the balance in administrative expenses) | | | | | 3 |

14. Cost of spectrum license

Mono Broadcast Co., Ltd. ("Broadcast") won a digital TV spectrum license auction for variety Standard Definition (SD) ("the license") held by the National Broadcasting and Telecommunications Commission ("NBTC"). Broadcast was required to make payment for the bid price of Baht 2,250 million (exclusive of VAT) under the following payment conditions:

- 1) Payment for the minimum bid price amounting to Baht 380 million, divided into 4 installments and has to be made within 3 years from the date of obtaining the license as specified by NBTC.
- 2) For the exceeding amount of the minimum bid price amounting to Baht 1,870 million, the payment is divided into 6 installments and has to be made within 5 years from the date of obtaining the license as specified by NBTC.

The license is valid for 15 years from the date of the license (25 April 2014). In the current year, Broadcast paid Baht 412 million for the cost of spectrum license (2015: Baht 301 million). Broadcast guarantee the rest of cost of the spectrum license payable to NBTC by bank guarantee.

Subsequently, on 20 December 2016, there was an announcement from Government Gazette to inform the licensee who has intention to extend the period of payment for the rest amount of the license to inform to NBTC. Broadcast has already implemented according to a letter dated 2 February 2017.

As at 31 December 2016, Broadcast had the cost spectrum license payable remaining bid price (exclusive of VAT) of Baht 1,160 million (2015: Baht 1,572 million). Broadcast was required to make payment for the rest amount of the license after extend the period of payment under the following payment conditions:

- 1) Payment for the minimum bid price amounting to Baht 38 million, divided into 2 installments and has to be made within 4 years from the date of obtaining the license as specified by NBTC.
- 2) For the exceeding amount of the minimum bid price amounting to Baht 1,122 million, the payment is divided into 6 installments and has to be made within 8 years from the date of obtaining the license as specified by NBTC.

During the year, the amortisation of the cost of spectrum license amounting to Baht 129 million (2015: Baht 129 million).

In addition, Broadcast is required to pay license fee, other fees and fee for the Broadcasting and Telecommunications Research and Development Fund for the Public Interest as specified by NBTC.

In compliance with preconditions to receive the license, on 17 January 2014 Broadcast entered into a lease agreement to lease for digital terrestrial television service with the Royal Thai Army Radio and Television Station ("RTART") to broadcast digital television signal via RTART multiplexes. The service will be valid from 17 January 2014 to 31 May 2028 and Broadcast must pay a monthly service fee as stipulated in the agreement.

15. Short-term loans from banks

Short-term loans from banks of the Company and its subsidiaries, on which interest is changed at a rate close to the Minimum Loan Rate, are secured by the Company and its subsidiaries.

16. Trade and other payables

(Unit: Million Baht)

| | Consolidated | | Separate | |
|-------------------------------------------|----------------------|------------|----------------------|------------|
| | financial statements | | financial statements | |
| | 2016 | 2015 | 2016 | 2015 |
| Trade payables - related parties (Note 7) | - | 1 | 117 | 169 |
| Trade payables - unrelated parties | 33 | 109 | 6 | 51 |
| Other payables - related parties (Note 7) | 23 | 23 | 23 | 20 |
| Other payables - unrelated parties | 51 | 81 | 13 | 14 |
| Accrued expenses | 76 | 95 | 39 | 35 |
| Account payables - acquisition of assets | 112 | 184 | - | - |
| Total trade and other payables | <u>295</u> | <u>493</u> | <u>198</u> | <u>289</u> |

17. Long-term loans from banks

In 2014, Mono Broadcast Co., Ltd. entered into a new loan agreement with a local commercial bank amounting to Baht 1,350 million. The loan is subject to interest at a rate close to the minimum loan rate and is to be settled on a quarterly basis in 24 installments. The first installment will be due on 30 September 2017 and settlement is to be completed by 30 June 2023. The loan is guaranteed by the Company.

During the current year, Mono Production Co., Ltd. entered into a new loan agreement with a local commercial bank amounting to Baht 230 million. The loan is subject to interest at a rate close to the Minimum Loan Rate and is to be settled on a monthly basis in 84 installments. The first installment was due on 31 December 2016 and settlement is to be completed by 31 May 2023. The long-term loan is secured by the mortgage of the subsidiary's land with structures thereon, as described in Note 12 to the financial statements, the assignment of rights to receive all service income from areas and the provision of guarantees by the Company.

The loan agreement contains several covenants, among other things, require to maintain certain financial ratios at the rate prescribed in the agreements and the shareholdings of their current shareholders.

As at 31 December 2016, the long-term credit facility of Mono Broadcast Co., Ltd. which has not yet been drawn down amounted to Baht 184 million (31 December 2015: Baht 625 million).

18. Cost of spectrum license payable

| | (Unit: Million Baht) | |
|-----------------------------------------------------------|----------------------|--------------|
| | Consolidated | |
| | financial statements | |
| | 2016 | 2015 |
| Cost of spectrum license payable | 1,160 | 1,572 |
| Less: Deferred interest expenses | (91) | (164) |
| Total | 1,069 | 1,408 |
| Less: Portion due within one year | (360) | (339) |
| Cost of spectrum license payable - net of current portion | <u>709</u> | <u>1,069</u> |

Cost of spectrum license payable was required to make payment on a yearly basis. This will be completed by the year 2022 (Note 14).

19. Liabilities under finance lease agreements

| | Consolidated | | (Unit: Million Baht) | |
|--------------------------------------------|----------------------|----------|----------------------|----------|
| | financial statements | | Separate | |
| | 2016 | 2015 | 2016 | 2015 |
| Liabilities under finance lease agreements | 10 | 20 | 5 | 8 |
| Less: Deferred interest expenses | (1) | (1) | (1) | (1) |
| Total | 9 | 19 | 4 | 7 |
| Less: Portion due within one year | (6) | (10) | (3) | (3) |
| Liabilities under finance lease agreements | | | | |
| - net of current portion | <u>3</u> | <u>9</u> | <u>1</u> | <u>4</u> |

The Company and its subsidiaries have entered into the finance lease agreements with leasing companies for rental of motor vehicles and equipment for use in their operations, whereby they are committed to pay rental on a monthly basis. The terms of the agreements are generally between 3 and 5 years.

Future minimum lease payments required under the finance lease agreements were as follows:

(Unit: Million Baht)

| | As at 31 December 2016 | | | | | |
|------------------------------------------------|-----------------------------------|-----------|----------|-------------------------------|-----------|----------|
| | Consolidated financial statements | | | Separate financial statements | | |
| | Less than 1 year | 1-5 years | Total | Less than 1 year | 1-5 years | Total |
| Future minimum lease payments | 7 | 3 | 10 | 4 | 1 | 5 |
| Deferred interest expenses | (1) | - | (1) | (1) | - | (1) |
| Present value of future minimum lease payments | <u>6</u> | <u>3</u> | <u>9</u> | <u>3</u> | <u>1</u> | <u>4</u> |

(Unit: Million Baht)

| | As at 31 December 2015 | | | | | |
|------------------------------------------------|-----------------------------------|-----------|-----------|-------------------------------|-----------|----------|
| | Consolidated financial statements | | | Separate financial statements | | |
| | Less than 1 year | 1-5 years | Total | Less than 1 year | 1-5 years | Total |
| Future minimum lease payments | 11 | 9 | 20 | 3 | 5 | 8 |
| Deferred interest expenses | (1) | - | (1) | - | (1) | (1) |
| Present value of future minimum lease payments | <u>10</u> | <u>9</u> | <u>19</u> | <u>3</u> | <u>4</u> | <u>7</u> |

20. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensation payable to employees after they retire, was as follows:

(Unit: Million Baht)

| | Consolidated financial statements | | Separate financial statements | |
|-----------------------------------------------------------------------|--------------------------------------|-----------|----------------------------------|-----------|
| | 2016 | 2015 | 2016 | 2015 |
| Provision for long-term employee benefits at beginning of year | 23 | 22 | 12 | 10 |
| Included in profit or loss | | | | |
| (Included in administrative expenses): | | | | |
| Current service cost | 5 | 2 | 2 | 2 |
| Interest cost | 1 | 1 | - | - |
| Included in other comprehensive income: | | | | |
| Actuarial loss | | | | |
| Financial assumptions changes | 3 | - | 1 | - |
| Experience adjustment | 4 | - | 2 | - |
| Benefits paid during the year | - | (2) | - | - |
| Provision for long-term employee benefits at end of year | <u>36</u> | <u>23</u> | <u>17</u> | <u>12</u> |

As at 31 December 2016, the weighted average duration of the liabilities for long-term employee benefit was 17 years (Separate financial statements: 17 years) (2015: 18 years, separate financial statements: 18 years).

Significant actuarial assumptions are summarised below:

| | 2016 | 2015 |
|----------------------|----------------|----------------|
| | (% per annum) | (% per annum) |
| Discount rate | 3.5% | 4% |
| Salary increase rate | 5% | 5% |

The result of sensitivity analysis for significant assumptions that affect the increasing (decreasing) in present value of the long-term employee benefit obligation as at 31 December 2016 and 2015 are summarised below:

| | (Unit: Million Baht) | | | |
|--------------------------|----------------------|------|----------------------|------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | 2016 | 2015 | 2016 | 2015 |
| Discount rate | | | | |
| Increase 50 basis point | (3) | (3) | (1) | (1) |
| Decrease 50 basis point | 3 | 1 | 2 | 1 |
| Salary increase rate | | | | |
| Increase 100 basis point | 7 | 4 | 3 | 2 |
| Decrease 100 basis point | (6) | (5) | (3) | (3) |

21. Share capital

| | Approve by | Ordinary shares | Par value | Registered share | Registered date |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------|-----------------------------|-----------|---------------------------|-----------------|
| | | (share) | (Baht) | (Baht) | |
| Balance as at 1 January 2015 | | 4,620,000,000 | 0.10 | 462,000,000 | |
| 1) Cancellation of 25 unissued ordinary shares | Annual General Meeting of the shareholders on 23 April 2015 | (25) | 0.10 | (2) | 6 May 2015 |
| 2) Issue 308 million ordinary shares | Annual General Meeting of the shareholders on 23 April 2015 | <u>308,000,000</u> | 0.10 | <u>30,800,000</u> | 7 May 2015 |
| Balance as at 31 December 2015 | | 4,927,999,975 | | 492,799,998 | |
| 1) Cancellation of 258 million unissued ordinary shares with remain from the general mandate approval for the year 2015 | Annual General Meeting of the shareholders on 27 April 2016 | (258,000,000) | 0.10 | (25,800,000) | 10 May 2016 |
| 2) Issue 315 million ordinary shares under the general mandate of 265 million shares and to support an increase in registered capital of 50 million shares for specific the purpose utilising proceeds | Annual General Meeting of the shareholders on 27 April 2016 | <u>315,000,000</u> | 0.10 | <u>31,500,000</u> | 11 May 2016 |
| Balance as at 31 December 2016 | | <u><u>4,984,999,975</u></u> | | <u><u>498,499,998</u></u> | |

| | <u>Ordinary shares</u> | <u>Par value</u> | <u>Issued and fully paid-up share capital</u> | <u>Premium on ordinary shares</u> | <u>Registered date</u> |
|-------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|------------------|-------------------------------------------------------|---------------------------------------|------------------------|
| | (share) | (Baht) | (Baht) | (Baht) | |
| Balance as at 1 January 2015 | 3,079,999,975 | 0.10 | 307,999,998 | 2,698,945,842 | |
| 1) In December 2014, exercised the rights to purchase 0.1 million ordinary shares at a price of Baht 2.5 per share, a total of Baht 0.3 million | 121,183 | 0.10 | 12,118 | 290,839 | 8 January 2015 |
| 2) In March 2015, exercised the rights to purchase 0.8 million ordinary shares at a price of Baht 2.5 per share, a total of Baht 2 million | 814,379 | 0.10 | 81,438 | 1,954,510 | 8 April 2015 |
| 3) In September 2015, exercised the rights to purchase 20 million ordinary shares at a price of Baht 2.5 per share, a total of Baht 50 million | <u>20,000,000</u> | 0.10 | <u>2,000,000</u> | <u>48,000,000</u> | 5 October 2015 |
| Balance as at 31 December 2015 | 3,100,935,537 | | 310,093,554 | 2,749,191,191 | |
| 1) On 23 February 2016, there were subscriptions of shares of 50 million ordinary shares at Baht 1.9 per share, totaling Baht 95 million. | 50,000,000 | 0.10 | 5,000,000 | 90,000,000 | 26 February 2016 |

| | <u>Ordinary shares</u> (share) | <u>Par value</u> (Baht) | <u>Issued and fully paid-up share capital</u> (Baht) | <u>Premium on ordinary shares</u> (Baht) | <u>Registered date</u> |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|----------------------------|-----------------------------------------------------------------|-------------------------------------------------|------------------------|
| 2) On 3 June 2016, the Company allocated of 50 million ordinary shares at Baht 2.03 per share, or for a total of Baht 101.5 million, to make payment for movie rights and screenplays amounting to approximately Baht 103 million. Since the offer price was less than 90 percent of the weighted average market price, meaning that there is a requirement to stipulate a silent period under Stock Exchange of Thailand regulations. | <u>50,000,000</u> | 0.10 | <u>5,000,000</u> | <u>96,500,000</u> | 7 June 2016 |
| Balance as at 31 December 2016 | <u><u>3,200,935,537</u></u> | | <u><u>320,093,554</u></u> | <u><u>2,935,691,191</u></u> | |
| On 12 and 13 January 2017, there were subscriptions of shares of 143 million ordinary shares by offer to certain investors by way of private placement at Baht 2.85 per share, totaling Baht 407.6 million. | 143,000,000 | 0.10 | 14,300,000 | 393,250,000 | 19 January 2017 |

22. Warrants

On 12 September 2014, the Extraordinary General Meeting of the Company's shareholders passed a resolution approving the issuance of a first tranche of 1,540 million warrants to purchase the Company's ordinary shares (MONO-W1) to existing shareholders, free of charge. The warrants, which were issued in a ratio of 15 warrants for every 14 existing ordinary shares, have an exercise period of 5 years from the date of issuance, and are exercisable every 3 months. One warrant provides the right to purchase one ordinary share (with a par value of Baht 0.1 each) at an exercise price of Baht 2.5. The first exercise date is the last business day of December 2014. The Company issued and allocated the warrants to the existing shareholders on 17 October 2014.

The exercise of warrants are details follows.

| <u>Exercise date</u> | <u>Exercise warrant</u> | <u>Cash received from exercise</u> | <u>Issued and fully paid-up share capital</u> | <u>Registered date</u> |
|-----------------------|-------------------------|------------------------------------|-----------------------------------------------|------------------------|
| | (Warrant) | (Million Baht) | (Million Baht) | |
| 23 - 29 December 2014 | 121,183 | 0.3 | 308 | 8 January 2015 |
| 31 March 2015 | 814,379 | 2 | 308 | 8 April 2015 |
| 30 September 2015 | 20,000,000 | 50 | 310 | 5 October 2015 |

On 2 June 2016, the Company passed a resolution approving an adjustment of the exercise price and the exercise ratio of MONO-W1 for the purpose of preserving the interests of Mono-W1 holders, from the existing exercise price of Baht 2.50 per share to Baht 2.492 per share and from the existing exercise ratio of 1 warrant to 1 ordinary share to 1 warrant to 1.003 ordinary shares.

During the current year, no warrants were exercised to purchase new ordinary shares.

As at 31 December 2016, there are 1,479,067,065 warrants unexercised (2015: 1,479,067,065 warrants).

23. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution.

24. Expenses by nature

Significant expenses classified by nature are as follows:

| | (Unit: Million Baht) | | | |
|---------------------------------------------|----------------------|------|----------------------|------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | 2016 | 2015 | 2016 | 2015 |
| Salaries, wages and other employee benefits | 493 | 498 | 169 | 185 |
| Cost of Mobile Value Added Services | 232 | 269 | 644 | 685 |
| Depreciation and amortisation | 756 | 526 | 24 | 35 |
| Advertising and sales promotion expenses | 82 | 219 | 18 | 45 |
| Utilities expenses | 112 | 113 | 75 | 79 |
| Cost of spectrum license | 127 | 154 | - | - |
| Cost of sale | 33 | 65 | - | - |
| Cost of production | 28 | 53 | - | - |

25. Income tax

Income tax for the years ended 31 December 2016 and 2015 are made up as follows:

| | (Unit: Million Baht) | | | |
|----------------------------------------------------------------------------|----------------------|------|----------------------|------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | 2016 | 2015 | 2016 | 2015 |
| Income tax charge | 7 | 13 | 6 | 12 |
| Deferred tax relating to origination and reversal of temporary differences | 3 | (67) | - | (1) |
| Income tax expense reported in the statement of comprehensive income | 10 | (54) | 6 | 11 |

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2016 and 2015 are as follows:

| | (Unit: Million Baht) | | | |
|-------------------------------------------------------|----------------------|------|----------------------|------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | 2016 | 2015 | 2016 | 2015 |
| Actuarial loss | (1) | - | (1) | - |
| Income tax reported in the other comprehensive income | (1) | - | (1) | - |

The reconciliation between accounting profit and income tax expense is shown below.

| | (Unit: Million Baht) | | | |
|----------------------------------------------------------------------------------------------------------------|----------------------|-------------|----------------------|-----------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | 2016 | 2015 | 2016 | 2015 |
| Accounting profit (loss) before tax | (240) | (540) | 265 | 150 |
| Income tax rate | 20% | 20% | 20% | 20% |
| Accounting profit (loss) before tax multiplied by income tax rate | (48) | (108) | 53 | 30 |
| Effects of reversal of temporary differences recognised in the past | 3 | 9 | - | - |
| Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit: | | | | |
| Promotional privileges (Note 26) | (46) | (47) | - | - |
| Dividend income from subsidiary | - | - | (46) | (47) |
| Tax loss for the year which unrecognised to deferred tax asset | 102 | 86 | - | - |
| Others | (1) | 6 | (1) | 28 |
| Income tax reported in the statement of comprehensive income | <u>10</u> | <u>(54)</u> | <u>6</u> | <u>11</u> |

The components of deferred tax assets and deferred tax liabilities are as follows:

| | Consolidated statements of | | Profit or loss in consolidated statements | |
|------------------------------------------|----------------------------|------------------|-------------------------------------------|------|
| | financial position | | of comprehensive income | |
| | As at | | For the years ended 31 December | |
| | 31 December 2016 | 31 December 2015 | 2016 | 2015 |
| Deferred tax assets (liabilities) | | | | |
| Allowance for doubtful | | | | |
| accounts and allowance for | | | | |
| sale return | 4 | 6 | 2 | (1) |
| Intangible assets (Difference in | | | | |
| amortisation) | (11) | (12) | (1) | 4 |
| Provision for long-term | | | | |
| employee benefits | 6 | 5 | (1) | (1) |
| Unused tax loss | 200 | 202 | 2 | (69) |
| Others | 2 | 2 | - | - |
| Deferred tax relating to | | | | |
| origination and reversal of | | | | |
| temporary differences | | | 2 | (67) |
| Deferred tax assets - net | 201 | 203 | | |
| Presented as follows: | | | | |
| Deferred tax assets | 211 | 211 | | |
| Deferred tax liabilities | (10) | (8) | | |
| Total | 201 | 203 | | |

| | Separate statements of | | Profit or loss in separate statements of | |
|------------------------------------------|------------------------|------------------|------------------------------------------|------|
| | financial position | | comprehensive income | |
| | As at | | For the years ended 31 December | |
| | 31 December 2016 | 31 December 2015 | 2016 | 2015 |
| Deferred tax assets (liabilities) | | | | |
| Allowance for doubtful | | | | |
| accounts | - | 1 | 1 | - |
| Intangible assets (Difference in | | | | |
| amortisation) | (1) | (1) | - | - |
| Provision for long-term | | | | |
| employee benefits | 4 | 2 | (2) | - |
| Others | - | - | - | (1) |
| Deferred tax relating to | | | | |
| origination and reversal of | | | | |
| temporary differences | | | (1) | (1) |
| Deferred tax assets - net | 3 | 2 | | |

As at 31 December 2016 the subsidiaries had deductible temporary differences and unused tax losses totaling Baht 826 million (2015: Baht 429 million). No deferred tax assets have been recognised on these amounts as the subsidiaries believe their future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses.

26. Promotional privileges

On 11 January 2011, Mono Info Systems Co., Ltd., (“MIS”) has received promotional tax privileges from the Board of Investment, pursuant to the investment promotion certificate No. 1029(7)/2554. Subject to certain imposed conditions, the privileges include an exemption from corporate income tax for a period of 8 years from the date of the promoted operations begin generating revenues (31 July 2011).

In 2016, MIS had revenues from the promoted operations amounting to Baht 283 million (2015: Baht 305 million).

27. Earnings per share

Basic earnings (loss) per share is calculated by dividing profit (loss) for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

Diluted earnings (loss) per share is calculated by dividing profit (loss) for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year plus the weighted average number of ordinary shares which would need to be issued to convert all dilutive potential ordinary shares into ordinary shares. The calculation assumes that the conversion took place either at the beginning of the year or on the date the potential ordinary shares were issued.

The following table sets forth the computation of basic and diluted earnings (loss) per share:

| | Consolidated financial statements | | | | | |
|---------------------------------------------------------------------------------------------------|-----------------------------------|----------------|--------------------------------------------|------------------|----------------|---------------|
| | Loss for the year | | Weighted average number of ordinary shares | | Loss per share | |
| | <u>2016</u> | <u>2015</u> | <u>2016</u> | <u>2015</u> | <u>2016</u> | <u>2015</u> |
| | (Million Baht) | (Million Baht) | (Million shares) | (Million shares) | (Baht) | (Baht) |
| Basic loss per share | | | | | | |
| Loss attributable to equity holders of the parent | (250) | (487) | 3,173 | 3,086 | (0.079) | (0.158) |
| Effect of dilutive potential ordinary shares | | | | | | |
| Warrants offered to existing shareholders | - | - | 153 | 318 | | |
| Diluted loss per share | | | | | | |
| Loss attributable to ordinary shareholders assuming the conversion of warrants to ordinary shares | <u>(250)</u> | <u>(487)</u> | <u>3,326</u> | <u>3,404</u> | Anti-dilutive | Anti-dilutive |

| | Separate financial statements | | | | | |
|-----------------------------------------------------------------------------------------------------|-------------------------------|----------------|--------------------------------------------|------------------|--------------------|--------|
| | Profit for the year | | Weighted average number of ordinary shares | | Earnings per share | |
| | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 |
| | (Million Baht) | (Million Baht) | (Million shares) | (Million shares) | (Baht) | (Baht) |
| Basic earnings per share | | | | | | |
| Profit attributable to equity holders of the parent | 259 | 140 | 3,173 | 3,086 | 0.082 | 0.045 |
| Effect of dilutive potential ordinary shares | | | | | | |
| Warrants offered to existing shareholders | - | - | 153 | 318 | | |
| Diluted earnings per share | | | | | | |
| Profit attributable to ordinary shareholders assuming the conversion of warrants to ordinary shares | 259 | 140 | 3,326 | 3,404 | 0.078 | 0.041 |

28. Provident fund

The Company, its subsidiaries and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The Company, its subsidiaries and their employees contribute to the fund monthly at the rate of 5 percent of basic salary. The fund, which is managed by TISCO Asset management Co., Ltd., will be paid to employees upon termination in accordance with the fund rules. During the year 2016, the Company and its subsidiaries contributed Baht 14 million (2015: Baht 13 million) to the fund and of the Company only amounting to Baht 6 million (2015: Baht 6 million).

29. Dividends

| Dividends | Approved by | Total dividends | Dividend per share |
|----------------------------------|-------------------------------------------------------------|-----------------|--------------------|
| | | (Million Baht) | (Baht per share) |
| Annual dividends for 2014 | Annual General Meeting of the shareholders on 23 April 2015 | 61.6 | 0.02 |
| Total dividend payments for 2015 | | 61.6 | 0.02 |

30. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

The Company and its subsidiaries' operations are mainly carried on in Thailand. As a result, all of the revenues, and assets as reflected in these financial statements pertain to the aforementioned geographical reportable area.

Most of revenues of the Company and its subsidiaries are from two major customers.

Below is revenues and profit information regarding the Company and its subsidiaries' operating segments for the years ended 31 December 2016 and 2015.

(Unit: Million Baht)

| | Media and Content ⁽¹⁾ | | Entertainment ⁽²⁾ | | Elimination of inter-segment revenues | | Consolidation | |
|-------------------------------------------------|----------------------------------|--------------|------------------------------|------------|---------------------------------------|-------------|---------------|--------------|
| | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 |
| Sales and service income | | | | | | | | |
| Revenues from external customers | 1,950 | 1,688 | 127 | 205 | - | - | 2,077 | 1,893 |
| Inter-segment revenues | - | - | 65 | 17 | (65) | (17) | - | - |
| Total revenues | <u>1,950</u> | <u>1,688</u> | <u>192</u> | <u>222</u> | <u>(65)</u> | <u>(17)</u> | <u>2,077</u> | <u>1,893</u> |
| Segment income (loss) | 533 | 287 | (114) | (47) | | | 419 | 240 |
| Unallocated income and expenses: | | | | | | | | |
| Other income | | | | | | | 36 | 32 |
| Selling and servicing expenses | | | | | | | (108) | (230) |
| Administrative expenses | | | | | | | (440) | (450) |
| Share of loss from investments in joint venture | | | | | | | (2) | - |
| Finance cost | | | | | | | (145) | (133) |
| Income tax | | | | | | | (10) | 54 |
| Loss for the year | | | | | | | <u>(250)</u> | <u>(487)</u> |

⁽¹⁾ The media and content segment consists of Mobile Value Added Services (MVAS), Internet media business, publishing business, TV and radio media business.

⁽²⁾ The entertainment segment consists of music business and movie business.

31. Commitments and contingent liabilities

31.1 Capital commitments

As at 31 December 2016, the Company and its subsidiaries had capital commitments of approximately Baht 437 million (2015: Baht 417 million), relating to the construction of building and purchase of movie rights.

31.2 Guarantees

- a) As at 31 December 2016, the Company had guaranteed credit facilities that have been issued by bank on behalf of the subsidiaries amounting to Baht 3,092 million (2015: Baht 3,244 million).
- b) As at 31 December 2016, the subsidiaries had guaranteed credit facilities that have been issued by bank on behalf of the Company amounting to Baht 35 million (2015: Baht 35 million).
- c) As at 31 December 2016, the Company and its subsidiaries had outstanding bank guarantees of Baht 1,365 million (2015: Baht 1,736 million) and of the Company only amounting to Baht 5 million (2015: Baht 5 million) issued by banks on behalf of the Company and its subsidiaries in respect of performance bonds.

31.3 Operating lease and service commitments

The Company and its subsidiaries had entered into several lease agreements in respect of the lease of office building space and other services contracts. The terms of the agreements were generally between 1 and 15 years.

As at 31 December 2016 and 2015, future minimum lease payments required under these non-cancellable operating lease and service contracts were as follows.

| | (Unit: Million Baht) | |
|----------------------------------|----------------------|------|
| | 2016 | 2015 |
| Payable: | | |
| in up to 1 year | 174 | 220 |
| in over 1 year and up to 5 years | 299 | 316 |
| in over 5 years | 369 | 426 |

31.4 Litigation

In June 2015, the Company was sued by an unrelated company with the Central Intellectual Property and International Trade Court in a civil case and criminal case that the Company infringed the copyright to broadcast a live sports program, seeking compensation of Baht 34 million plus interest at a rate of 7.5% per annum on the principal until settlement is completed. Subsequently, on 17 January 2017, the Central Intellectual Property and International Trade Court announced its judgement on the lawsuit in a civil case. The Court of First Instance judged the Company to pay compensation of Baht 3 million plus interest at a rate of 7.5% per annum on the principle until settlement is completed. Currently, the case is under consideration to submit to the Supreme Court an appeal against the said judgement of the Court of First Instance.

The management of the Company is confident that no significant losses will be incurred as a result of the lawsuit and therefore no provision has been made against the contingent liability in its account.

32. Financial instruments

32.1 Financial risk management

The Company and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, current investments, trade and other receivables, loans, trade and other payables, short-term and long-term borrowings, and financial lease liabilities. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Company and its subsidiaries is exposed to credit risk primarily with respect to trade and other receivables, and loans. The Company and its subsidiaries manage the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. However, the Company and its subsidiaries are exposed to concentrations of credit risk with respect to trade receivables because it has a few major customers who are in the same industry. The maximum exposure to credit risk is limited to the carrying amounts of trade and other receivables and loans as stated in the statement of financial position.

Interest rate risk

The Company and its subsidiaries' exposure to interest rate risk relates primarily to its cash at banks, current investments, loans, short-term and long-term borrowings and financial lease liabilities. Most of the Company and its subsidiaries' financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

Foreign currency risk

The exposure of the Company and its subsidiary to foreign currency risk arise mainly from trading and services or loans transactions that are denominated in foreign currencies. The Company and its subsidiary seek to reduce this risk by entering into forward exchange contracts when they considers appropriate. Generally, the forward contracts mature within one year.

As at 31 December 2016 and 2015, the balances of financial assets and liabilities of the Company and its subsidiary denominated in foreign currencies which were unhedged are summarised below.

| Consolidated financial statements | | | | | | |
|-----------------------------------|-------------------|-------------|-----------------------|-------------|------------------------------------|-------------|
| Foreign currency | Financial assets | | Financial liabilities | | Average exchange rate | |
| | as at 31 December | | as at 31 December | | | |
| | <u>2016</u> | <u>2015</u> | <u>2016</u> | <u>2015</u> | <u>2016</u> | <u>2015</u> |
| | (Million) | (Million) | (Million) | (Million) | (Baht per 1 foreign currency unit) | |
| Kyat | 10 | 44 | 2 | - | 0.0262 | 0.0275 |

| Separate financial statements | | | | | | |
|-------------------------------|-------------------|-------------|-----------------------|-------------|------------------------------------|-------------|
| Foreign currency | Financial assets | | Financial liabilities | | Average exchange rate | |
| | as at 31 December | | as at 31 December | | | |
| | <u>2016</u> | <u>2015</u> | <u>2016</u> | <u>2015</u> | <u>2016</u> | <u>2015</u> |
| | (Million) | (Million) | (Million) | (Million) | (Baht per 1 foreign currency unit) | |
| US dollar | - | 3 | - | - | 35.8307 | 36.0886 |
| Rupiah | 5,417 | 5,417 | - | - | 0.0027 | 0.0026 |
| Kyat | 10 | 44 | 2 | - | 0.0262 | 0.0275 |

The subsidiaries' foreign exchange contracts outstanding are summarised below.

| As at 31 December 2016 | | | | |
|------------------------|---------------|------------------------------------|--|---------------|
| Foreign currency | Bought amount | Contractual exchange rate of | | Maturity date |
| | | bought amount | | |
| | (Million) | (Baht per 1 foreign currency unit) | | |
| US dollar | 3 | 35.8400 | | 28 June 2017 |

| As at 31 December 2015 | | | | |
|------------------------|---------------|------------------------------------|--|---------------|
| Foreign currency | Bought amount | Contractual exchange rate of | | Maturity date |
| | | bought amount | | |
| | (Million) | (Baht per 1 foreign currency unit) | | |
| US dollar | 2 | 36.1050 - 36.1950 | | 15 March 2016 |

32.2 Fair values of financial instruments

Since the majority of financial instruments of the Company and its subsidiaries are short-term in nature. Loans, liabilities under finance lease agreement and short-term and long-term borrowings carry interest at rate close to market rate. Their fair value is not expected to be materially different from the amounts presented in statement of financial position.

33. Capital management

The primary objective of the Company and its subsidiaries' capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2016, the Company and its subsidiaries' debt-to-equity ratio was 1.28:1 (2015: 1.18:1) and the Company's was 0.06:1 (2015: 0.10:1).

34. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 21 February 2017.